

*The minutes set forth are an unofficial copy of this month's Board meeting minutes. For an official (signed) copy, please contact the Authority*

## **IOWA FINANCE AUTHORITY BOARD MEETING MINUTES**

**Iowa Hospital Association Education Center  
April 6, 2005**

### **BOARD MEMBERS PRESENT**

Vincent Lintz, Chair  
Kay Anderson, Vice Chair  
Carmela Brown, Treasurer

Virginia Bordwell  
Roger Caudron  
Dick Wright

### **STAFF MEMBERS PRESENT**

Bret Mills, Executive Director  
Lori Beary, Community Development Finance  
Officer  
Donna Davis, Deputy Director, Director  
Housing Programs  
Dennis Dietz, Director, Policy and  
Governmental Affairs  
Monica Fischer, Public Information Officer

Alyson Fleming, Administrative Assistant  
Steven Harvey, Chief Financial Officer  
Sharon Murphy, Housing Specialist, HAF/HIRE  
Loyd Ogle, Director, Title Guaranty Division  
James Smith, General Counsel  
Tim Waddell, Tax Credit Manager  
Nancy Wallis, Administrative Assistant  
Vicky Winter-Clearman, Legal Secretary

### **OTHERS PRESENT**

Kristi Boyce – Wells Fargo Bank Iowa, NA  
Bob Burns – Burns & Burns, LC  
Jim Conlin – Conlin Properties  
Michael A. Dee – Brown, Winick Law Firm  
Joni DeVries – Wells Fargo Bank Iowa, NA  
David Grossklaus – Dorsey & Whitney Law Firm

Nicole Jones – State Treasurer's Office  
Kent Powell – IDIED  
Bruce Ray – Dept. of Housing and Urban  
Development  
Bill Reineke – HOUSES, Inc.  
Kristin Saddoris – Conlin Properties

### **CALL TO ORDER**

Chair Lintz called to order the April 6, 2005 meeting of the Iowa Finance Authority (IFA) Board of Directors at 11:00 a.m. Roll call was taken and a quorum was established with the following members present: Lintz, Anderson, Brown, Bordwell, Caudron, and Wright.

### **REVIEW AND APPROVAL OF MINUTES**

#### **March 2, 2005**

Chair Lintz introduced the minutes of the March 2, 2005 meeting of the Iowa Finance Authority Board of Directors.

Mr. Wright noted on page 4, second paragraph, a correction to the Economic Development section of the minutes, "Series 2004 to Series 2005" under ED Loan #02-10.

Ms. Winter-Clearman stated the correction would be made immediately following the meeting.

*The minutes set forth are an unofficial copy of this month's Board meeting minutes. For an official (signed) copy, please contact the Authority*

**MOTION:** On a motion by Mr. Caudron and a second by Ms. Anderson, the Board unanimously approved the minutes of the March 2, 2005 meeting with the correction noted above.

## **ADMINISTRATION/MANAGEMENT REPORT**

### **Summary & Overview**

Mr. Mills noted the previous month has been busy with the Low Income Housing Tax Credit process and pending legislation. He said plans for FY06 and the budgeting process are currently in development.

Mr. Mills reported Ms. Lindsay Durr resigned from the Title Guaranty Division to return to the Chicago area but will continue working with the Authority under a temporary contract. He stated Ms. Monica Fischer will depart the Authority and assume the position of Deputy Director with the Department of Cultural Affairs to coordinate the Governor's Great Places Initiative.

## **LEGAL / REGULATORY**

### **Resolution and Order Re: Waiver Petition of Washington Court, L.P.**

Mr. Smith introduced the Resolution and Order Re: Waiver Petition of Washington Court, L.P. He said the Authority allocated Washington Court L.P. \$267,344 in 2005 credits on March 2, 2005, which was \$41,180 less than the amount approved by underwriting due to the tax credit cap imposed by Section 2.4 of the 2005 Qualified Allocation Plan.

Mr. Caudron inquired as to whether each waiver would be considered separately.

Mr. Smith answered in the affirmative and stated each waiver would be considered separately.

Mr. Wright inquired as to the amount of credits left available for 2005, with twice as many requests as credits.

Mr. Mills stated 19 projects did not meet threshold and the demand for low income housing tax credits is three times that of the amount of credits allocated to the State of Iowa. He said the process is a competitive one and at a minimum the process should be reviewed to reduce the number of projects that do not meet threshold.

Mr. Waddell stated a number of the projects that did not meet threshold also requested HOME funds. He said he has told many developers a project that does not require HOME funds has a greater likelihood of funding than a project that does rely on HOME funds.

Mr. Caudron inquired as to the joint application process and whether the HOME fund cap should be lowered to distribute the limited HOME funds to as many applicants as possible.

Ms. Davis stated 60% of HOME dollars are committed to the tax credit program with the remaining 40% and a portion of the Community Development Block Grant dollars committed to the Department of Economic Development's annual housing round.

Ms. Bordwell suggested holding a training session for developers interested in submitting a low income housing tax credit application. She also suggested holding a second "half" round for the 2005 allocation.

*The minutes set forth are an unofficial copy of this month's Board meeting minutes. For an official (signed) copy, please contact the Authority*

Mr. Waddell stated the administrative rules would need to be revised to include a second round and with the 2006 application deadline in November, the time frame would not be sufficient. He said in the past various amounts of unallocated credits have been carried forward from one year to the next year's round.

Mr. Caudron stated his recommendation is to approve the waiver subject to the resolution of the appeals and only if there are credits available after the Executive Director's decision on the pending appeals.

Ms. Bordwell stressed this recommendation is not in any manner a means of stalling the decision before the Board.

Mr. Mills stated his decision on each appeal is due seven days from the date of the appeal hearing. He said letters detailing his decision will be sent to each developer who filed an appeal and will be considered by the Board at the May meeting.

A general discussion followed regarding the appeals process and the waiver filing.

MOTION: Mr. Caudron made a motion to approve the Resolution and Order Re: Waiver Petition of Washington Court, LP subject to the resolution of the pending appeals and provided low income housing tax credits remain after the Executive Director's decision and Board approval of the appeals. On a second by Ms. Bordwell, the Board unanimously approved the Resolution and Order Re: Waiver Petition of Washington Court, LP subject to the condition stated.

#### Resolution and Order Re: Waiver Petition of Deer Ridge IV Limited Partnership

Mr. Smith introduced the Resolution and Order Re: Waiver Petition of Deer Ridge IV Limited Partnership. He referred to the documents included in the Board materials.

MOTION: Mr. Caudron made a motion to approve the Resolution and Order Re: Waiver Petition of Deer Ridge IV Limited Partnership, subject to the resolution of the pending appeals and provided low-income housing tax credits remain after the Executive Director's decision and Board approval of the appeals. On a second by Ms. Bordwell, the Board unanimously approved the Resolution and Order Re: Waiver Petition of Deer Ridge IV Limited Partnership, subject to the condition stated.

## **FINANCE AND ACCOUNTING**

### Finance Update

Mr. Harvey reported for the month of February the current month revenue fell below budget by \$172,915 due to the continuing low interest rate environment. He said expenses were under budget for the month and continues to run below budget for rent line items with Grant Expense under budget by \$2,014,197. Mr. Harvey explained grant expense should continue to be significantly under budget for the year as the cost of issuance was budgeted as a period expense, but is actually capitalized and expensed over the life of the associated bonds. He stated as a result Operating Income is \$1,700,307 favorable to the budget.

### Approval of Financial Statement

MOTION: Ms. Anderson made a motion to approve the February financial statements. On a second by Mr. Wright the Board unanimously approved the February financial statements.

Mr. Wright inquired as to the balance of the State Revolving Fund (SRF) and the EPA matching grant.

Mr. Harvey stated the match is generated by bond issue proceeds.

*The minutes set forth are an unofficial copy of this month's Board meeting minutes. For an official (signed) copy, please contact the Authority*

Resolution Re: Authorization to Transfer (General)

Mr. Harvey referred to the documents included in the Board materials. He said this resolution includes safe deposit boxes, facsimiles signatures, and authority for check signing. Mr. Harvey pointed out one correction to the Authorization to Transfer which included Mr. Lon Kobermusz's name to those authorized to transfer funds. He said Mr. Kobermusz's name will be omitted. Mr. Harvey explained internal control procedures exist within the Authority for check signing.

Mr. Caudron inquired as to the absence of Ms. Davis' signature as Deputy Director of the Authority.

Mr. Harvey stated Ms. Davis' signature will be added to those authorized to transfer funds. He also stated the Resolution Re: Facsimile Signatures is amended to substitute the term "public instrumentality and agency of the State of Iowa" rather than non profit corporation.

MOTION: Mr. Caudron made a motion to approve the Resolution Re: Authorization to Transfer (General) as amended to include Ms. Davis's signature and the term public instrumentality and agency of the State of Iowa. On a second by Ms. Anderson, the Board unanimously approved the Resolution Re: Authorization to Transfer (General).

Single Family Reimbursement Resolution

Mr. Smith introduced the Single Family Reimbursement Resolution which permits the Authority to use the Housing Endowment Fund to purchase Single Family loans and receive reimbursement from bond proceeds in the future. He said this will provide greater flexibility in the purchase of loans.

MOTION: Ms. Brown made a motion to approve the Single Family Endowment Resolution. On a second by Mr. Wright, the Board unanimously approved the Single Family Reimbursement Resolution.

**COMMUNITY / ECONOMIC DEVELOPMENT  
/STATE REVOLVING FUND (SRF) PROGRAM**

**Economic Development Loan Program**

**ED. Loan #01-19B, The Gables at Johnston Commons Project**

Ms. Beary introduced the authorizing resolution for \$3,000,000 in Iowa Finance Authority Multifamily Housing Revenue Bonds to supplement a previous issuance for the Gables at Johnston Commons. She said ERC Development purchased the property from Brisben Development and completed construction; however, they encountered additional costs through the process. Ms. Beary stated this application is for an additional \$3,000,000 for the project. She said the Gables at Johnston Commons has approximately 206 multifamily housing units in Johnston.

Ms. Beary reported the inducement resolution was adopted at the December 1, 2004 board meeting and the public hearing was held on February 2, 2005. She said the project will require Private Activity Bond Cap.

Mr. Caudron inquired as to the initial bond amount approved for the project.

Ms. Beary stated the initial amount in bonds approved for the project was approximately \$12.5 million.

**RESOLUTION #01-19B-4,**

MOTION: Mr. Wright made a motion approving the resolution authorizing the issuance of not to exceed \$3,000,000 Iowa Finance Authority Multifamily Housing Bonds (The Gables at Johnston Commons

*The minutes set forth are an unofficial copy of this month's Board meeting minutes. For an official (signed) copy, please contact the Authority*

Project), Series 2005 for the purpose of making a loan to assist the borrower in the additional costs of a project; authorizing the execution and delivery of certain amendments and supplements to certain financing documents pertaining to the project; authorizing an assignment of certain financing documents for further securing the payment of the bonds, authorizing the sale of the bonds; and related matters. On a second by Ms. Anderson, the Board unanimously approved Resolution #01-19B-4.

**ED. Loan #05-01, Natural Pork Production II Project**

Ms. Beary introduced the application for \$7,000,000 of Iowa Finance Authority Solid Waste Facility Revenue Bonds for Natural Pork Production II LLP. She said the bonds will be used for the solid waste portion of swine production in Greene and Guthrie Counties. Ms. Beary stated the project will require Private Activity Bond Cap.

**RESOLUTION #05-01A**

**MOTION:** Ms. Bordwell made a motion approving an application for \$7,000,000 Iowa Finance Authority Solid Waste Facility Revenue Bonds (Natural Pork Production, II LLP Project), Series 2005 for Natural Pork Production II, LLP (the "Borrower") and evidencing the intent to proceed with the issuance of \$7,000,000 Revenue Bonds. On a second by Ms. Brown, the Board unanimously approved Resolution #05-01A.

**ED. Loan #05-02, Interstate Power and Light Company Project**

Ms. Beary introduced the application for \$38,385,000 of Iowa Finance Authority Pollution Control Facility Revenue Refunding Bonds for Interstate Power and Light Company. She said the bonds will be used to refund and consolidate eight existing tax-exempt pollution control bonds into a single tax-exempt financing. Ms. Beary stated the counties of the facilities are Allamakee, Woodbury, Clinton, Linn, Marshall, Boone and Wapello. She said the project will not require Private Activity Bond Cap.

**RESOLUTION #05-02A,**

**MOTION:** Mr. Caudron made a motion approving the application for \$38,385,000 Iowa Finance Authority Pollution Control Facility Revenue Refunding Bonds (Interstate Power and Light Company Project), Series 2005 for Interstate Power and Light Company (the "Borrower") and evidencing the intent to proceed with the issuance of \$38,385,000 Revenue Bonds. On a second by Ms. Bordwell, the Board unanimously approved Resolution #05-02A.

**HOUSING PROGRAMS**

**Resolution Re: Single Family Endowment Fund Loan – Charles City**

Ms. Murphy introduced the Resolution Re: Single Family Endowment Fund Loan – Charles City. She said the Charles City Development Corporation and the City of Charles City have requested the Authority make a loan to the Development Corporation, with the proceeds of such loan to be used by the City for down payment and closing cost assistance to persons and families with incomes at or below 80% of the area median income and purchasing homes within the City. Ms. Murphy stated the loan amount will not exceed \$300,000 with an interest rate not to exceed 4%, with a maturity of not to exceed 20 years. She said the City will build a total of 18 homes in the Development of which half will be for those persons or families at 80% or below the area median income. Ms. Murphy stated the purchase price of each new home will not exceed \$150,000.

**MOTION:** Ms. Bordwell made a motion to approve the Resolution Re: Single Family Endowment Loan FUND – Charles City in an amount not to exceed \$300,000, with an interest rate not to exceed 4% and a maturity date of not to exceed 20 years. On a second by Ms. Anderson, the Board unanimously approved the Resolution Re: Single Family Endowment Loan Fund - Charles City.

**Resolution Re: Approval of Local Housing Trust Funds**

Ms. Murphy introduced the Resolution Re: Approval of Local Housing Trust Funds. She said four organizations have satisfied all of the requirements to be eligible for certification or recertification as a Local Housing Trust Fund. Ms. Murphy stated approval by the Board of the four organizations will enable those organizations to apply for the second round of funding for the State Housing Trust Fund. She said the four organizations are: Oskaloosa Housing Trust Fund (OHTF), Iowa Northland Regional Housing Council (INRHC), Floyd County Housing Trust Fund, and Tri-County Housing Trust Fund.

Mr. Wright inquired as to the criteria for certification.

Ms. Davis stated two new applications and two recertifications were received. She said due to the time constraints last year, the entire certification and award process was done at once and this year the formal process of certification began. Ms. Davis stated each trust fund's housing assistance plan will be reviewed and revised each year for certification.

A general discussion followed regarding the projects proposed by each trust fund.

**MOTION:** Ms. Anderson made a motion to approve the Resolution Re: Approval of Local Housing Trust Funds approving and certifying the Oskaloosa Housing Trust Fund (OHTF), Iowa Northland Regional Housing Council (INRHC), Floyd County Housing Trust Fund, and Tri-County Housing Trust Fund have satisfied the requirements of the 2005 Allocation Plan and are approved and eligible to apply for an award of funds from the Trust Fund in 2005. On a second by Mr. Wright, the Board unanimously approved the Resolution Re: Approval of Local Housing Trust Funds.

**Resolution Re: State Housing Trust Fund (LHTF and Project-Based) 2005 Awards**

Ms. Murphy introduced the Resolution Re: State Housing Trust Fund (LHTF and Project-Based) 2005 Awards. She said for the Project Based Housing Programs, a total of nine applications were received. Ms. Murphy stated Authority staff recommends issuing Letters of Intent to the seven successful candidates for a total of \$567,500. She said there was a total of \$887,942 available for this category.

Ms. Murphy explained the Authority had two rounds of funding for the Local Housing Trust Funds this year with a total amount of \$1,080,000 available. She stated in accordance with section 2.8 of the 2005 Allocation Plan (Selection Criteria/Scoring) preference was given to LHTF(s) formed after July 1, 2003 and who had not previously received monies from the Fund. Ms. Murphy said the only applicant who fit this criterion and who also scored high enough to be funded from Round #1 was the Dallas County Housing Trust Fund. She stated the Dallas County Housing Trust Fund was awarded the \$100,000 requested. Ms. Murphy explained for Rounds 1 and 2 there were a total of ten applications received and a total request for \$1,700,000. She said there were more applications and requests for funds than monies available. Ms. Murphy stated the Legislature's intent when formulating the State Housing Trust Fund was to create local housing trust funds across the state. She said Authority staff recommends issuing Letters of Intent to the eight successful candidates for a total of \$1,080,000. Ms. Murphy stated in order to fund all eight applicants, it was necessary to reduce the amount of each award by 18.33%. She said two applicants were not funded; one because the applicant was not certified as a local housing trust fund and the second because the minimum score of 75 was not met.

**MOTION:** Ms. Brown made a motion to approve the Resolution Re: State Housing Trust Fund (LHTF and Project Based) 2005 Awards to the following projects and organizations:

*The minutes set forth are an unofficial copy of this month's Board meeting minutes. For an official (signed) copy, please contact the Authority*

Category of Project-Based Housing Programs

• Municipal Housing Agency of Fort Dodge	\$90,000
• Mid America Housing Partnership (MAHP)	\$80,000
• Mid America Housing Partnership (MAHP)	\$90,000
• City of Mount Pleasant	\$90,000
• City of Keokuk	\$90,000
• NEICAC	\$40,000
• Habitat for Humanity of Iowa	<u>\$87,500</u>
	<u>TOTAL:</u> \$567,500

Category of Local Housing Trust Fund

• Dallas County Local Housing Trust Fund	\$100,000
• Polk County Housing Trust Fund	\$163,336
• Scott County Housing Council	\$163,335
• Housing Trust Fund of Johnson County	\$163,335
• Dubuque Housing Trust Fund	\$163,335
• Floyd County Housing Trust Fund	\$81,662
• Oskaloosa Housing Trust Fund	\$81,662
• INRHC	<u>\$163,335</u>
	<u>TOTAL:</u> 1,080,000

On a second by Ms. Anderson, the Board unanimously approved the Resolution Re: State Housing Trust Fund (LHTF and Project-Based) 2005 Awards in the amounts stated above.

**TITLE GUARANTY DIVISION (TGD)**

Mr. Ogle referred to the charts included in the Board materials and updated the Board on upcoming events of the Division.

**POLICY / LEGISLATION**

Mr. Dietz referred to the handouts included in the Board materials.

Mr. Caudron requested an update on the monies saved by the State and Federal Government for those individuals who had moved from a nursing facility to an assisted living facility, such as the Emerson Point Project in Iowa City and the Prime Living Apartments in LeMars.

**COMMUNICATIONS**

Ms. Monica Fischer referred to the handouts included in the Board materials.

**MISCELLANEOUS ITEMS**

Receive Comments from General Public

Chair Lintz opened the public comment period and asked if anyone in the audience would like to address the Board.

Mr. Michael Dee, with the Brown Winick Law Firm, spoke on the Deer Ridge IV waiver. Mr. Dee described the process he and his client followed in filing the waiver request and in withholding their appeal.

*The minutes set forth are an unofficial copy of this month's Board meeting minutes. For an official (signed) copy, please contact the Authority*

Mr. Jim Conlin, of Conlin Properties spoke, on the Deer Ridge IV Project and the project's readiness for construction.

Mr. Bob Burns, of Burns and Burns LC, spoke on the Emerson Point Project and the 2006 Qualified Allocation Plan (QAP) Section 2.4, cap on single developers.

Next Month

The next regular meeting will be held at 10:45 a.m. on Thursday, May 5, 2005, at the Hotel Fort Des Moines, located at 10<sup>th</sup> and Walnut Streets, Des Moines, Iowa.

**ADJOURNMENT**

There being no further business, on a motion by Mr. Caudron and a second by Ms. Anderson, the April meeting of the Iowa Finance Authority Board of Directors adjourned at 12:53 p.m.

Dated this 5th day of May, 2005.

Respectfully submitted:

Approved as to form:

Bret L. Mills  
Executive Director  
Iowa Finance Authority

Vincent Lintz, Chair  
Iowa Finance Authority

f:\board meeting information\minutes\minutes 2005.April.doc